






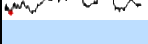



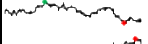


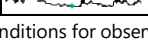
- Potential “pathway to a deal” helps ease concerns about Brexit ([link](#))
- Crude oil prices spike on news of explosions on an Iranian oil tanker ([link](#))
- ECB Governing Council in agreement on need to ease, but not on mechanism ([link](#))
- China capital outflows estimated to reach record high in H1-2019 ([link](#))

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## Potential Easing of Political Tensions Lifts Markets

**Risk assets have rallied on the back of potential breakthroughs in Brexit and US-China trade negotiations.** Thirsty for positive news on the political front, investors were comforted by reports of a possible breakthrough in Brexit talks, following discussions between the UK Prime Minister and his Irish counterpart. This morning, the EU has also given the green light for more “intensified” Brexit talks as the October 31 deadline looms. Global equities reacted positively to the news, with European stocks up by about 1.5%, US equity futures rising by close to 1%, and Emerging Market equities posting broad-based gains. Risk sentiment was also bolstered by positive remarks made by officials in Washington where the US-China trade negotiations are ongoing for the second day. President Trump is expected to meet the Chinese vice-premier later on today, as investors ponder the prospect of a détente ahead of a scheduled hike in US tariffs early next week, should the negotiations prove inconclusive. Regretfully, not all political developments were constructive, as news of explosions on an Iranian oil tanker off the coast of Saudi Arabia threatened to raise political tensions in the Middle East. Although the incident is still under investigation, crude oil prices initially rose by 2% on the news before giving back some of these gains.

Key Global Financial Indicators

| Last updated:<br>10/11/19 8:55 AM    | Level   |        | Change from Market Close |        |         |      |     |
|--------------------------------------|---|--------|--------------------------|--------|---------|------|-----|
|                                      | Last 12m  | Latest | 1 Day                    | 7 Days | 30 Days | 12 M | YTD |
| <b>Equities</b>                      |   |        | %                        |        |         |      | %   |
| S&P 500                              |  | 2938   | 0.6                      | 1      | -2      | 8    | 17  |
| Eurostoxx 50                         |  | 3547   | 1.5                      | 3      | 1       | 11   | 18  |
| Nikkei 225                           |  | 21799  | 1.1                      | 2      | 1       | -4   | 9   |
| MSCI EM                              |  | 41     | 0.3                      | 1      | -2      | 5    | 5   |
| <b>Yields and Spreads</b>            |   |        | bps                      |        |         |      |     |
| US 10y Yield                         |  | 1.71   | 8.4                      | 18     | -3      | -144 | -98 |
| Germany 10y Yield                    |  | -0.45  | 2.0                      | 14     | 12      | -97  | -69 |
| EMBIG Sovereign Spread               |  | 337    | -3                       | -11    | 3       | -15  | -77 |
| <b>FX / Commodities / Volatility</b> |   |        | %                        |        |         |      |     |
| EM FX vs. USD, (+) = appreciation    |  | 60.8   | 0.3                      | 0      | 0       | -2   | -2  |
| Dollar index, (+) = \$ appreciation  |  | 98.4   | -0.3                     | 0      | 0       | 4    | 2   |
| Brent Crude Oil (\$/barrel)          |  | 59.7   | 1.1                      | 2      | -2      | -26  | 11  |
| VIX Index (% change in pp)           |  | 16.7   | -0.9                     | 0      | 2       | -8   | -9  |

Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## United States

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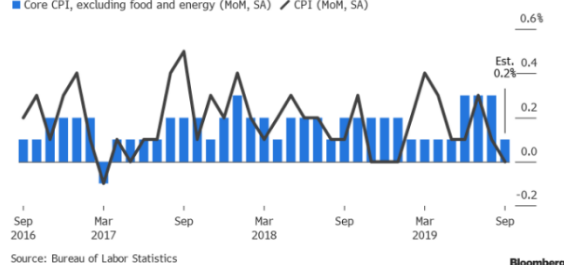
**Trade news continued to dominate headlines and markets yesterday**, as the US and Chinese delegations began their two-day negotiating session with their separate wish-lists. There were reports a previously agreed currency pact would be rolled out. Markets are optimistic some type of mini-deal can be worked out, and President Trump advised he plans to meet China's top trade official tomorrow. Stocks sustained modest gains, with major indices up 0.6-0.7%.

**Treasuries stumbled** across the maturity spectrum, with the 2- and 10-year yields both jumping 8 bps. Initial jobless claims came in at 210k (versus 220k expected), a three-week low despite a strike at GM. A big drop in used car prices resulted in a subdued CPI read (+0.1% m/m vs +0.2% expected), which could bolster the Fed's resolve to cut rates in October 30th. PPI out earlier this week was also on the low side. **The \$16 bn 30-year auction drew a record low yield of 2.17%**. Thirty-year yields have fallen to record lows in the US, the UK and Germany this year.

### Ammo for the Fed

U.S. core consumer prices rose by less than expected in September

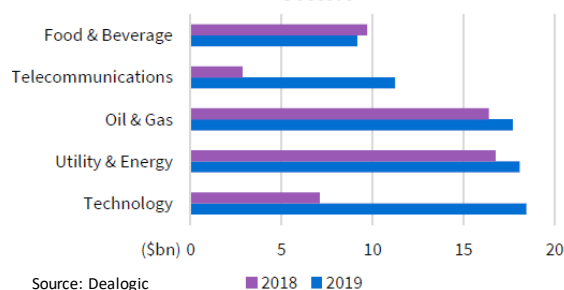
■ Core CPI, excluding food and energy (MoM, SA) / CPI (MoM, SA)



The **Fed approved easing some restrictions** on banks adopted following the financial crisis a decade ago. Analysts advise community banks will be a prime beneficiary of the changes. Banks will have to hold less capital and cash. And "living wills" will have capital and liquidity changes. Some of the changes also require approval of the Federal Deposit Insurance Corp. and the Office of the Comptroller.

**Corporate bond issuance** in September was the strongest month since May 2016, as companies sold \$135.5 bn of debt according to Dealogic. The month started off strong, but deal volumes tailed off as the month progressed. Technology was the largest sector, with Apple returning to the market for the first time since 2017. Besides refinancing and general corporate purposes, firms primarily use bond issuance to finance mergers and acquisitions.

### US DCM Issuance, September - Top Corporate Sectors



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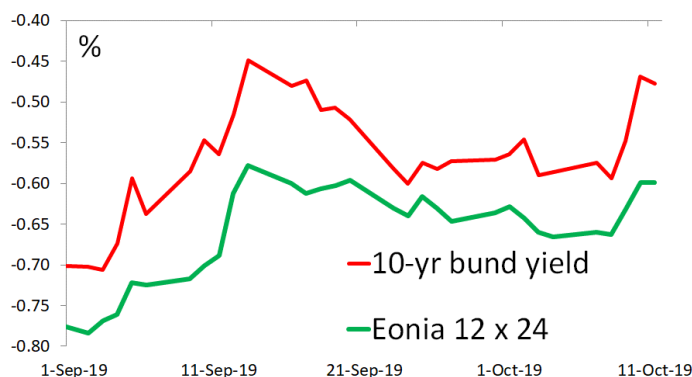
### United Kingdom

The British pound gained **+0.7%** against the USD after Prime Ministers Johnson and Varadkar see a “**pathway to a deal**”. The U.K. will reportedly propose a “pared-down free trade agreement” but details remain limited. U.K. equities (+0.35) ticked higher but underperformed European equities (+1.3%). European bank stocks (+2.2%) outperformed. **Next week will be important to gauge true progress on Brexit.** On Monday 14 Oct, the Queen’s Speech will highlight government priorities. On Thursday and Friday, the EU Council of government leaders will discuss Brexit. Saturday 19 Oct, there will be a special sitting of U.K. parliament, the first Saturday sitting since the Falkland conflict in 1982. Yesterday, **BoE Governor Carney commented that the underlying pace of UK growth is a bit softer.** Markets are currently pricing 20 bps of cuts in the next 12 months (from 75 bps currently).

### European Central Bank

**ECB accounts confirmed that all Governing Council members agreed to further easing but that unanimity broke down on the elements of the package, especially on QE and the tiering of reserves.** Some members disagreed with the decision to restart QE as well as the open-ended nature of the QE program. Interestingly, “reservations” were also made about the two-tier system that provides relief to banks for the cost of negative rates on top of the new TLTRO loan program. Analysts believe **that the accounts and recent media flows show that it will be difficult for the new ECB president Lagarde to push through any additional easing**, and that internal pressure to reverse some of September’s measures could be substantial in case of any pick-up in data. Unsurprisingly, money markets have reduced expectations of further rates cuts in 2020, with the EONIA12x24 forward rate currently trading at -60 bps compared to -78 bps in early Sep (current ECB depo rate: - 50 bps).

#### Euro Area Rates: Pricing out further ECB easing



Note: A 12x24 contract fixes a rate for the period starting at the end of month 12 and ending at month 24.

Source: Bloomberg and IMF staff

**Core sovereign debt yields were little changed after selling off 7-8 bps yesterday.** German 10-year yields are trading at -0.47%; French 10-yr OAT yields at -0.15%, and Italian 10-yr BTP yield at 0.94%. Moreover, **Southern European spreads to bunds have been little changed in the past couple of days**, a sign of relative strength of Southern European fixed income. 10-yr Italian debt trade at a spread of 141 bps over bunds, compared to a spread of 68 bps for Spain.

## Other Mature Markets

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### Japan

**The yen held steady while equities gained amid growing optimism about the U.S.-China trade negotiation.** The yen was unchanged on the day while the TOPIX rose 0.9%, boosted by broad-based gains across sectors. Meanwhile, **the ruling LDP will delay plans to tighten reporting requirements for foreign investors.** Rules proposed by the Finance Ministry were to require foreign investors to report in advance plans to buy more than 1% of shares in companies tied to national security; the threshold is currently 10%. The idea was to strengthen monitoring of investment in security-related industries, but the initiatives will be delayed pending further study.

## Emerging Markets

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**Asian** equities posted broad-based gains as optimism regarding the U.S.-China trade negotiations grew. Reportedly, president Trump said discussions with China are going “really well” and will continue on Friday. Hong Kong’s Hang Seng Index gained 2.2%, garnering extra support from news that protesters are discussing scaling back vandalism ahead of weekend rallies. Currencies were mostly unchanged. The Korean won was the exception, strengthening 0.6% against the dollar, boosted by the trade news as well as new contracts for Korean shipbuilders worth nearly \$900 mn. The Thai baht was unchanged on the day, retreating from its strongest level in 6 years following central bank measures, announced yesterday, to stem its appreciation. In line with expectations, **Sri Lanka’s central bank kept the standing lending facility rate unchanged at 8% and its deposit facility rate at 7%**, despite inflation at a four-month high.

In **EMEA**, risk sentiment was positive, with equities posting strong gains in Hungary (+1.5%), the Czech Republic (+1.2%), and Bulgaria (+0.9%). Other bourses gained by about 0.2% to 0.8%, including in Turkey (+0.2%). Currencies were marginally stronger to the dollar, except the **Turkish lira, which dropped 0.6%** on continuing concerns about the military intervention in Syria.

**Latin American** markets mostly rebounded yesterday. Equities were up in Brazil (0.6%), Mexico (1.0%), and Chile (0.5%), though they fell slightly in Colombia (-0.4%) and Peru (-0.1%). Regional currencies also moved higher against the dollar, with the Mexican and Chilean pesos leading the way up 0.6% and 0.8% respectively. Most hard currency bond yields were largely unchanged, with Ecuador the main exception. Ecuador’s benchmark 2029 dollar bond yield eased again on Thursday by around 15 bps from Wednesday’s close to 10.05%, down from a recent peak of 10.38%, but still considerably above the 9.17% seen Monday evening before the political crisis escalated. Tensions remain high, but President Moreno appears to retain the support of the military and broader government apparatus. Elsewhere, Peru’s central bank opted to maintain its policy rate at 2.5% at its meeting late Thursday, despite cutting its 2019-2020 growth forecast in September.

## Key Emerging Market Financial Indicators

| Last updated:<br>10/11/19 8:57 AM | Level    |       | Change                            |        |         |      | YTD  |
|-----------------------------------|----------|-------|-----------------------------------|--------|---------|------|------|
|                                   | Last 12m | index | 1 Day                             | 7 Days | 30 Days | 12 M |      |
| <b>Major EM Benchmarks</b>        |          |       | %                                 |        |         |      | %    |
| MSCI EM Equities                  |          | 41.07 | 0.3                               | 1      | -2      | 5    | 5    |
| MSCI Frontier Equities            |          | 28.08 | 0.2                               | 0      | 0       | 3    | 7    |
| EMBIG Sovereign Spread (in bps)   |          | 336   | -4                                | -12    | 2       | -16  | -78  |
| EM FX vs. USD                     |          | 60.77 | 0.3                               | 0      | 0       | -2   | -2   |
| <b>Major EM FX vs. USD</b>        |          |       | %, (+) = EM currency appreciation |        |         |      |      |
| China Renminbi                    |          | 7.10  | 0.2                               | 1      | 0       | -3   | -3   |
| Indonesian Rupiah                 |          | 14138 | 0.1                               | 0      | -1      | 8    | 2    |
| Indian Rupee                      |          | 71.02 | 0.1                               | 0      | 1       | 4    | -2   |
| Argentine Peso                    |          | 57.98 | 0.0                               | 0      | -3      | -36  | -35  |
| Brazil Real                       |          | 4.11  | -0.1                              | -1     | -1      | -8   | -6   |
| Mexican Peso                      |          | 19.36 | 0.4                               | 1      | 1       | -2   | 1    |
| Russian Ruble                     |          | 64.12 | 0.5                               | 1      | 2       | 3    | 9    |
| South African Rand                |          | 14.83 | 1.5                               | 1      | -1      | -1   | -3   |
| Turkish Lira                      |          | 5.86  | -0.5                              | -3     | -2      | 1    | -10  |
| EM FX volatility                  |          | 8.25  | 0.0                               | 0.2    | 0.0     | -2.5 | -1.5 |

Colors denote **tightening**/easing financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

## China

**Capital outflows are estimated to reach a record high in the first half of this year, though net flows remain balanced.** An analysis by the Institute of International Finance estimated that “net errors and omissions” in the balance of payments rose to \$131 bn in the first six months of this year; by contrast, over the same period in 2015 and 2016, when outflow pressure intensified, the average was \$80 bn. Meanwhile, resident outflows of \$74 bn were the smallest in 10 years. A separate analysis by Bloomberg suggested outflows of about \$226 bn in the first 7 months of the year, an increase of about 19% relative to the same period in 2018. That said, IIF also indicated that inclusions in global investment indices and efforts to further open and liberalize China’s financial markets are expected to drive portfolio inflows into China, offsetting outflows.

## Hidden Capital Flight?

Capital outflows via net errors and omissions are a record so far this year

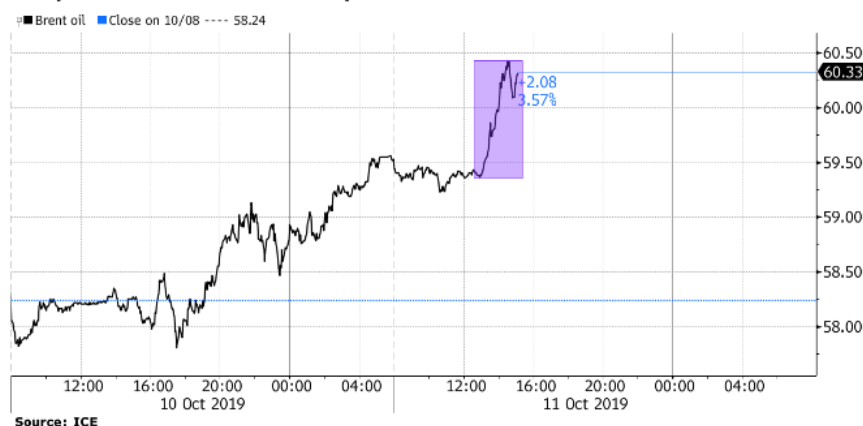
■ For first half of year ■ For full year



## Middle East Political Tensions

**Crude prices soared about 2% following reports of an explosion on an Iranian oil tanker in the Red Sea, off the coast of Saudi Arabia.** Brent (+1.8%) prices reached \$60.1/barrel and WTI \$55/barrel (+1.9%). Iranian officials initially stated that the vessel may have been targeted by two missiles, “probably” from Saudi Arabia. However, that statement has since been retracted and the incident officially remains under investigation. Separately, **the IEA cut its forecasts for global oil demand by 100k barrels per day through 2019 and 2020.** The IEA also warned that further attacks on crude facilities like the recent ones in Saudi Arabia could become more likely as geopolitical tensions continue to escalate in the region.

**Oil spikes after Iranian tanker explosion near Saudi Arabia**



## Mexico

**Banxico meeting minutes suggest divided policy board, though further easing remains likely.** The minutes from Mexico’s September 25<sup>th</sup> policy meeting showed that a majority of members remain somewhat hawkish despite board members Gerardo Esquivel and Jonathan Heath voting for a 50 bps cut at the time. Members highlighted uncertainty around the inflation outlook, noting sticky core inflation, while also affirming the ongoing slack in the economy. Markets are currently pricing in 100 bps of cuts over the next six months, with 25 bps in November, though some analysts believe risks are tilted towards a slower pace of easing absent a faster decline in core inflation.

## Argentina

**Argentina’s Fernandez highlighted Uruguay’s 2003 debt reprofiling as model,** according to news reports. The presumptive next president of Argentina told a business conference that “It’s not going to be that difficult to do something similar to what Uruguay did,” with a goal of extending maturities on existing debt without imposing haircuts through a voluntary debt exchange. Mr. Fernandez also gave boilerplate comments about increasing exports and consumption, while highlighting the need for lower interest rates, according to reports. Yields on Argentina’s hard currency bonds maturing in 2117 and 2028 fell by close to 100 basis points on Thursday following the candidate’s comments.

## List of GMM Contributors

*Global Markets Analysis Division, MCM Department*

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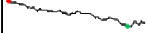






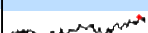






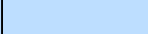



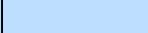
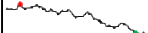

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|--|---|--|
| <b>Anna Ilyina</b><br><i>Division Chief</i>                    | <b>Dimitris Drakopoulos</b><br><i>Financial Sector Expert</i>   | <b>Jochen Schmittmann</b><br><i>Senior Economist</i>             |
| <b>Peter Breuer</b><br><i>Deputy Division Chief</i>            | <b>Mohamed Jaber</b><br><i>Senior Financial Sector Expert</i>   | <b>Juan Solé</b><br><i>Senior Economist</i>                      |
| <b>Will Kerry</b><br><i>Deputy Division Chief</i>              | <b>David Jones</b><br><i>Senior Financial Sector Expert</i>     | <b>Jeffrey Williams</b><br><i>Senior Financial Sector Expert</i> |
| <b>Evan Papageorgiou</b><br><i>Deputy Division Chief</i>       | <b>Sanjay Hazarika</b><br><i>Senior Financial Sector Expert</i> | <b>Akihiko Yokoyama</b><br><i>Senior Financial Sector Expert</i> |
| <b>Sergei Antoshin</b><br><i>Senior Economist</i>              | <b>Frank Hespeler</b><br><i>Senior Financial Sector Expert</i>  | <b>Martin Edmonds</b><br><i>Senior Data Mgt Officer</i>          |
| <b>John Caparusso</b><br><i>Senior Financial Sector Expert</i> | <b>Rohit Goel</b><br><i>Financial Sector Expert</i>             | <b>Yingyuan Chen</b><br><i>Senior Research Officer</i>           |
| <b>Sally Chen</b><br><i>Senior Economist</i>                   | <b>Henry Hoyle</b><br><i>Financial Sector Expert</i>            | <b>Piyusha Khot</b><br><i>Research Assistant</i>                 |
| <b>Fabio Cortés</b><br><i>Senior Economist</i>                 | <b>Thomas Piontek</b><br><i>Financial Sector Expert</i>         | <b>Xingmi Zheng</b><br><i>Research Assistant</i>                 |
| <b>Reinout De Bock</b><br><i>Economist</i>                     | <b>Patrick Schneider</b><br><i>Research Officer</i>             |  |

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## Global Financial Indicators

| Last updated:<br>10/11/19 8:56 AM | Level   |        | Change                           |        |         |      | YTD  |
|-----------------------------------|---|--------|----------------------------------|--------|---------|------|------|
|                                   | Last 12m  | Latest | 1 Day                            | 7 Days | 30 Days | 12 M |      |
| <b>Equities</b>                   |   |        | %                                |        |         |      | %    |
| United States                     |    | 2938   | 0.6                              | 1      | -2      | 8    | 17   |
| Europe                            |    | 3547   | 1.5                              | 3      | 1       | 11   | 18   |
| Japan                             |    | 21799  | 1.1                              | 2      | 1       | -4   | 9    |
| China                             |    | 2974   | 0.9                              | 1      | -1      | 15   | 19   |
| Asia Ex Japan                     |    | 67     | 0.9                              | 0      | -2      | 5    | 5    |
| Emerging Markets                  |    | 41     | 0.3                              | 1      | -2      | 5    | 5    |
| <b>Interest Rates</b>             |   |        | basis points                     |        |         |      |      |
| US 10y Yield                      |    | 1.71   | 8.4                              | 18     | -3      | -144 | -98  |
| Germany 10y Yield                 |    | -0.45  | 2.0                              | 14     | 12      | -97  | -69  |
| Japan 10y Yield                   |    | -0.18  | 2.4                              | 3      | 2       | -33  | -18  |
| UK 10y Yield                      |    | 0.67   | 8.3                              | 23     | 3       | -100 | -61  |
| <b>Credit Spreads</b>             |   |        | basis points                     |        |         |      |      |
| US Investment Grade               |    | 128    | -1.2                             | -1     | -5      | 27   | -19  |
| US High Yield                     |    | 465    | -6.4                             | -28    | 12      | 112  | -56  |
| Europe IG                         |    | 54     | -2.3                             | -4     | 5       | -20  | -33  |
| Europe HY                         |    | 241    | -6.0                             | -7     | -6      | -56  | -111 |
| EMBIG Sovereign Spread            |   | 337    | -3.0                             | -11    | 3       | -15  | -77  |
| <b>Exchange Rates</b>             |   |        | %                                |        |         |      |      |
| USD/Majors                        |  | 98.39  | -0.3                             | 0      | 0       | 4    | 2    |
| EUR/USD                           |  | 1.10   | 0.4                              | 1      | 0       | -5   | -4   |
| USD/JPY                           |  | 108.4  | -0.4                             | -1     | -1      | 3    | 1    |
| EM/USD                            |  | 60.8   | 0.3                              | 0      | 0       | -2   | -2   |
| <b>Commodities</b>                |   |        | %                                |        |         |      |      |
| Brent Crude Oil (\$/barrel)       |  | 60     | 1.1                              | 2      | -2      | -26  | 11   |
| Industrials Metals (index)        |  | 117    | -0.3                             | 1      | -1      | -2   | 7    |
| Agriculture (index)               |  | 39     | 0.8                              | 0      | 4       | -10  | -6   |
| <b>Implied Volatility</b>         |   |        | %                                |        |         |      |      |
| VIX Index (% change in pp)        |  | 16.7   | -0.9                             | -0.4   | 2.1     | -8.3 | -8.8 |
| 10y Treasury Volatility Index     |  | 5.4    | 0.2                              | 0.3    | 0.3     | 1.3  | 0.8  |
| Global FX Volatility              |  | 7.0    | 0.0                              | 0.0    | -0.1    | -1.4 | -2.0 |
| <b>EA Sovereign Spreads</b>       |   |        | 10-Year spread vs. Germany (bps) |        |         |      |      |
| Greece                            |  | 189    | -2.4                             | -4     | -33     | -208 | -226 |
| Italy                             |  | 138    | -4.5                             | -4     | -15     | -166 | -112 |
| Portugal                          |  | 64     | -2.6                             | -8     | -19     | -86  | -84  |
| Spain                             |  | 67     | -2.3                             | -5     | -15     | -45  | -50  |

Colors denote **tightening**/**easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations.

Data source: Bloomberg.

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## Emerging Market Financial Indicators

| Last updated:<br>10/11/2019<br>8:58 AM | Exchange Rates |        |                      |        |         |      | Local Currency Bond Yields (GBI EM) |          |        |                          |        |         |      |      |
|--|----------------|--------|----------------------|--------|---------|------|-------------------------------------|----------|--------|--------------------------|--------|---------|------|------|
|  | Level          |        | Change (in %)        |        |         |      | YTD                                 | Level    |        | Change (in basis points) |        |         |      | YTD  |
|  | Last 12m       | Latest | 1 Day                | 7 Days | 30 Days | 12 M |                                     | Last 12m | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |      |
|  | vs. USD        |        | (+)= EM appreciation |        |         |      |                                     | % p.a.   |        |                          |        |         |      |      |
| China                                  |                | 7.10   | 0.2                  | 0.7    | 0       | -3   | -3                                  |          | 3.2    | -0.1                     | -1     | 10      | -43  | -1   |
| Indonesia                              |                | 14138  | 0.1                  | 0.0    | -1      | 8    | 2                                   |          | 7.4    | -0.9                     | 1      | -2      | -125 | -80  |
| India                                  |                | 71     | 0.1                  | -0.2   | 1       | 4    | -2                                  |          | 6.8    | 2.3                      | 5      | 10      | -134 | -65  |
| Philippines                            |                | 52     | 0.1                  | 0.3    | 1       | 5    | 2                                   |          | 4.3    | 0.1                      | -2     | -5      | -230 | -198 |
| Thailand                               |                | 30     | 0.0                  | 0.1    | 1       | 8    | 7                                   |          | 1.5    | 2.1                      | 1      | -16     | -142 | -111 |
| Malaysia                               |                | 4.19   | 0.1                  | 0.0    | 0       | -1   | -1                                  |          | 3.4    | 0.2                      | 2      | 4       | -68  | -69  |
| Argentina                              |                | 58     | 0.0                  | -0.4   | -3      | -36  | -35                                 |          | 57.8   | 40.1                     | -737   | -1216   | 3469 | 3476 |
| Brazil                                 |                | 4.11   | -0.1                 | -1.4   | -1      | -8   | -6                                  |          | 6.1    | -4.4                     | -16    | -55     | -305 | -201 |
| Chile                                  |                | 715    | 0.5                  | 0.2    | 0       | -5   | -3                                  |          | 2.8    | 4.2                      | -1     | 11      | -209 | -169 |
| Colombia                               |                | 3459   | 0.2                  | -0.2   | -3      | -11  | -6                                  |          | 5.7    | 5.6                      | 6      | -8      | -100 | -83  |
| Mexico                                 |                | 19.36  | 0.4                  | 0.8    | 1       | -2   | 1                                   |          | 6.9    | 3.1                      | 1      | -39     | -128 | -185 |
| Peru                                   |                | 3.4    | 0.1                  | 0.2    | -1      | -1   | 0                                   |          | 4.2    | -4.3                     | -24    | -14     | -161 | -156 |
| Uruguay                                |                | 37     | 0.0                  | -0.2   | -2      | -11  | -13                                 |          | 10.9   | -3.1                     | 6      | -3      | 39   | 18   |
| Hungary                                |                | 300    | 0.4                  | 0.8    | 1       | -7   | -7                                  |          | 1.1    | 5.9                      | 6      | -15     | -180 | -111 |
| Poland                                 |                | 3.90   | 0.5                  | 1.0    | 1       | -5   | -4                                  |          | 1.8    | 3.3                      | 2      | -20     | -93  | -52  |
| Romania                                |                | 4.3    | 0.5                  | 0.4    | 0       | -7   | -6                                  |          | 3.8    | 0.0                      | 4      | 7       | -80  | -43  |
| Russia                                 |                | 64.1   | 0.5                  | 0.8    | 2       | 3    | 9                                   |          | 6.6    | -11.3                    | -28    | -30     | -194 | -183 |
| South Africa                           |                | 14.8   | 1.5                  | 1.5    | -1      | -1   | -3                                  |          | 9.3    | -2.0                     | -3     | 4       | -50  | -27  |
| Turkey                                 |                | 5.86   | -0.5                 | -2.8   | -2      | 1    | -10                                 |          | 14.3   | 23.4                     | 97     | -100    | -719 | -253 |
| US (DXY; 5y UST)                       |                | 98     | -0.3                 | -0.4   | 0       | 4    | 2                                   |          | 1.54   | 4.8                      | 19     | -6      | -147 | -98  |

|              | Equity Markets |        |               |        |         |      | Bond Spreads on USD Debt (EMBIG) |              |        |                          |        |         |      |      |
|--------------|----------------|--------|---------------|--------|---------|------|----------------------------------|--------------|--------|--------------------------|--------|---------|------|------|
|              | Level          |        | Change (in %) |        |         |      | YTD                              | Level        |        | Change (in basis points) |        |         |      | YTD  |
|              | Last 12m       | Latest | 1 Day         | 7 Days | 30 Days | 12 M |                                  | Last 12m     | Latest | 1 Day                    | 7 Days | 30 Days | 12 M |      |
|              |                |        |               |        |         |      |                                  | basis points |        |                          |        |         |      |      |
| China        |                | 2974   | 0.9           | 1      | -1      | 15   | 19                               |              | 188    | -3                       | -2     | 3       | 0    | -6   |
| Indonesia    |                | 6106   | 1.4           | 1      | -4      | 7    | -1                               |              | 179    | -1                       | -11    | 6       | -20  | -57  |
| India        |                | 38127  | 0.7           | 0      | 2       | 12   | 6                                |              | 132    | -3                       | -5     | -1      | -33  | -64  |
| Philippines  |                | 7850   | 1.1           | 2      | -1      | 14   | 5                                |              | 75     | -1                       | -9     | 7       | -34  | -46  |
| Malaysia     |                | 1557   | 0.3           | 0      | -3      | -9   | -8                               |              | 125    | -2                       | -2     | 3       | -5   | -37  |
| Argentina    |                | 31743  | 4.6           | 5      | 11      | 15   | 5                                |              | 1854   | -22                      | -309   | -222    | 1171 | 1039 |
| Brazil       |                | 101817 | 0.6           | 0      | -2      | 23   | 16                               |              | 236    | -3                       | -18    | 14      | -30  | -37  |
| Chile        |                | 5064   | 0.5           | 0      | 2       | -2   | -1                               |              | 136    | -2                       | -6     | 8       | 9    | -30  |
| Colombia     |                | 1583   | -0.4          | -1     | 0       | 8    | 19                               |              | 181    | 0                        | -7     | 7       | 2    | -47  |
| Mexico       |                | 42930  | 1.0           | 1      | 0       | -10  | 3                                |              | 311    | -4                       | -13    | -11     | 48   | -43  |
| Peru         |                | 19034  | -0.1          | 0      | -2      | -1   | -2                               |              | 125    | -2                       | -5     | 14      | -19  | -43  |
| Hungary      |                | 40099  | 1.6           | 1      | 0       | 12   | 2                                |              | 94     | -3                       | -21    | 8       | -22  | -54  |
| Poland       |                | 56620  | 1.0           | 1      | -2      | 1    | -2                               |              | 32     | 2                        | -14    | 12      | -29  | -53  |
| Romania      |                | 9496   | 0.2           | 1      | 3       | 13   | 29                               |              | 192    | -6                       | -16    | 8       | 17   | -29  |
| Russia       |                | 2720   | 0.0           | 1      | -3      | 15   | 15                               |              | 190    | -4                       | -16    | 3       | -33  | -62  |
| South Africa |                | 55568  | 0.9           | 3      | -1      | 6    | 5                                |              | 322    | -11                      | -21    | 16      | -10  | -43  |
| Turkey       |                | 99604  | 0.8           | -4     | -2      | 5    | 9                                |              | 493    | -9                       | 16     | -15     | 23   | 64   |
| Ukraine      |                | 526    | 0.0           | 0      | 1       | -4   | -6                               |              | 496    | -6                       | -29    | 40      | -65  | -291 |
| EM total     |                | 41     | 0.3           | 1      | -2      | 5    | 5                                |              | 336    | -4                       | -12    | 2       | -16  | -78  |

Colors denote **tightening/easing** financial conditions for observations greater than  $\pm 1.5$  standard deviations. Data source: Bloomberg.

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